

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7447**

**BILL NUMBER:** HB 1555

**NOTE PREPARED:** Jan 25, 2009

**BILL AMENDED:**

**SUBJECT:** Coal Bed Methane Property.

**FIRST AUTHOR:** Rep. Battles

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** *Regulation of Coal Bed Methane Wells.* This bill requires the Natural Resources Commission (NRC) to (1) regulate coal bed methane wells; (2) establish alternative spacing, unit, and bonding requirements for coal bed methane wells and coal mine methane wells; and (3) adopt rules to regulate coal bed methane production.

The bill redefines a commercially minable coal resource for purposes of oil and gas drilling statutes, and allows an owner or lessee of coal to file an affidavit identifying a commercially minable coal resource. The bill provides for regulation of coal bed methane wells and other gas wells in a similar manner.

It adjusts notice requirements with respect to logging on oil and gas land. It allows an owner or operator of a coal mine to burn by flares coal bed methane under certain circumstances. The bill provides for the establishment of an estate in land with respect to coal bed methane comparable to an estate that may be established under current law with respect to oil and gas.

The bill limits the exercise of rights in certain circumstances under a coal bed methane estate if the exercise affects miner safety or coal resources. The bill establishes relative rights between a coal estate in land and a coal bed methane estate in land. Certain oil and gas statutes do not apply to methane ventilation governed under an approved federal Mine Safety and Health Administration coal mine ventilation plan.

*Division of Oil and Gas* The bill requires the Division of Oil and Gas to post on its web site each oil, gas, or coal bed methane permit application. The bill prohibits the division from issuing a permit less than 14 days after the posting.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** The bill places a new obligation upon the DNR's Division of Reclamation to review and store certain information which coal operators would provide regarding coal reserves of interest. The information would need to be maintained confidential and kept up-to-date so that it could be made available in a timely manner to the Division of Oil and Gas whenever an oil and gas well permit is submitted. The Division of Reclamation does not anticipate the need to add additional staff for this role. Likewise, current equipment and GIS software is already in place at the Division of Reclamation, so no purchases would be anticipated.

Other potential impacts to the Division of Oil and Gas may require additional financial support beyond what is currently in the DNR approved budget. The specific impact is indeterminable at this time.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DNR.

**Local Agencies Affected:**

**Information Sources:** Chris Smith, DNR.

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.